

N E W S R E L E A S E

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Date: June 19, 2007

News Release No.: 07-41

Fresno County case illustrates commitment to harsh penalties for those who defraud unemployment insurance program

SACRAMENTO – Monday’s sentencing of a Fresno County market owner who pled guilty to laundering millions of dollars in fraudulent Unemployment Insurance (UI) benefits is a prime example of the California Employment Development Department’s (EDD) zero tolerance policy against those who defraud a system that supports out-of-work Californians.

Salameh Mohammad Rashid was sentenced to six years in prison after pleading guilty in March in a case that dates back to 2002. It marked the introduction of a new kind of criminal attack on the Unemployment Insurance system.

Under the leadership of Assistant U.S. Attorney Stanley Boone, and in partnership with other local and federal law enforcement, EDD committed significant investigative resources in the vigorous prosecution of Rashid and other offenders. Additionally, EDD has been enhancing its efforts to prevent such fraud from occurring, as well as sharing its expertise with other states to help combat UI identity fraud.

“As identity theft began sweeping across the nation, this new generation of criminals targeted the unemployment insurance fund,” EDD Director Patrick Henning said. “We responded with an aggressive and successful counteroffensive. Our fraud detection and prevention efforts are saving the employer-funded unemployment insurance program tens of millions of dollars a year. In 2006 alone, our Identity Alert program disqualified more than 60,000 claims and saved the unemployment insurance fund up to \$187 million.”

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EDD intensified its longstanding fraud prevention efforts to combat identity theft after a payroll company reported the loss of personal information in 2002. Identity fraud against not only EDD but many government agencies and private companies escalated as other employers discovered their confidential employee information had been compromised. In response, EDD immediately began flagging potentially compromised Social Security Numbers, requiring further documentation to ensure that the person filing the UI claim is legitimate. Claimants could also go through the more intensified Identity Alert process if the information they provided did not match EDD's internal databases, or records maintained by the Social Security Administration, the California Department of Motor Vehicles, and the Franchise Tax Board.

Other fraud detection and prevention programs are being developed for use as early as this summer. They include being able to match records of those collecting Unemployment Insurance benefits with records employers must file when they hire new employees. Such cross matching will help quickly identify one of the most common forms of UI fraud, when people continue to collect UI benefits even when they have returned to work.

EDD has also received federal grant assistance to develop data mining tools using technology that can actively identify patterns, anomalies, and trends to help the department detect and prevent potentially fraudulent UI claims earlier in the process. "Enhancements such as these over the last few years and in the months to come help ensure the employer-supported UI system is secure, and that only those who have lost their jobs through no fault of their own receive the assistance they deserve," Henning added.

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